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December 8, 1998

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DEC - 8 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EXPARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Washington, D.C. 20554

Re: CC Docket No. 94-129¹ - In the Matter of Subscriber Carrier Selection
Changes Provisions of the Telecommunications Act of 1996; Policies and Rules
Concerning Unauthorized Changes of Consumers' Long Distance Carriers

Dear Ms. Salas:

On December 7, 1998, Donna Branson Herter of Southwestern Bell Telephone Company and the undersigned met with Dorothy Attwood, Anita Cheng and Kimberly Parker of the Enforcement Division of the Common Carrier Bureau to discuss various issues associated with slamming. The attached presentation outlines the discussion.

In accordance with 47 C.F.R. 1.1206(a)(1) of the Commission's rules, the original of this letter and one copy are being filed with your office. Acknowledgment and date of receipt are requested. A duplicate of this letter is included for this purpose.

Please direct any inquiries concerning the foregoing to the undersigned.

Very truly yours,

Attachment

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Southwestern Bell Telephone Company

**12/7/98 – Ex Parte Presentation
CC Docket 94-129**

SLAMMING

The unauthorized change of a consumer's or business' telecommunications provider without the customer's or business' knowledge or permission.

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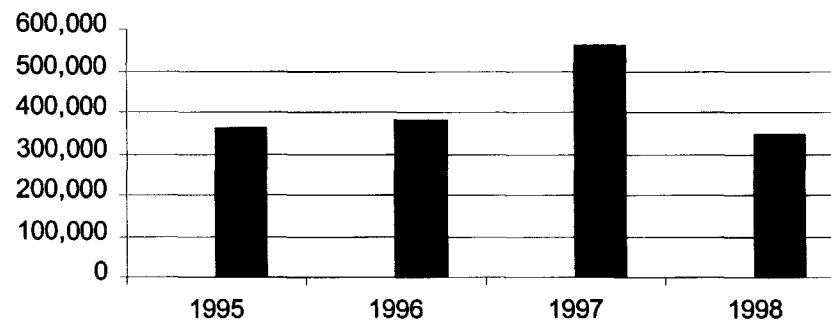
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**FEDERAL COMMUNICATIONS COMMISSION
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***Long Distance Slamming* -- continues to be a significant problem**

- In 1997 Southwestern Bell saw a 40% increase over 1996 in disputed long-distance PIC changes
- In the first ten months of 1998, slamming complaints are down 46% from January
- In a recent SBC Communications consumer poll, 25% of Southwestern Bell customers said they had been slammed

**Slamming Complaints Handled by
Southwestern Bell**



1998 results through October

***Local Service Slamming* -- has become a problem for our customers and will increase**

- Southwestern Bell handled approximately 200 local slamming complaints per month during the first six months of 1998 (January to June)
- Southwestern Bell handled 4600 local slamming complaints from July to October 1998 (four months)
- Account protection and customer education has helped to keep the numbers low to date
- Some companies use deceptive marketing practices to slam customers by:
 - misrepresenting themselves as Southwestern Bell or as an agent for SWB
 - telling customers they can receive a single bill for their long distance and local service, but not informing the customer that their local service will be switched

***Local Toll Slamming – Sliding* – is the most recent form of slamming that has been reported in states with a dual-PIC environment**

- Customers authorize a change to their long distance carrier and unknowingly change the local toll carrier at the same time without their knowledge or consent
- Some long-distance carriers are using LOAs that include local toll language in small print or otherwise inconspicuous place on the LOA
- Some long-distance carriers resubmit these LOAs when states convert to dual-PIC
- A BellSouth survey of 113,000 customers who changed local toll service indicates 42% of those customers never authorized a change in local toll carrier

***Virtual Slamming* -- perhaps the most confusing to customers**

- Virtual slamming is a practice whereby a facilities-based IXC carrier changes the customer's long-distance account to a switchless reseller without any prior notice
- The reseller uses the CIC associated with the facilities-based carrier, so it is transparent to the LEC
- The customer may not know until the bill is received that its service has been switched to another carrier
- Virtual slamming also occurs when one switchless reseller changes the customer's account to another switchless reseller of the same facilities-based carrier
- PIC protection (freeze) does not prevent this type of slamming
- If the customer has not authorized the change in provider, the use of a separate CIC or sub-CIC will only help to identify the change in provider, not prevent the slamming

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Lasting solutions are needed to ensure consumer

protection against slamming and deter

slamming

Southwestern Bell has implemented initiatives to reduce slamming

- Established a 45-day validity period of customer authorization – This limits the time period to submit a change of service provider. Carriers can no longer hold LOAs indefinitely for any reason. Carrier-initiated changes will not be accepted when the customer authorization date is over 45 days old.
- Automatic call notification of carrier changes -- Customer Notification System (CNS) automatically notifies customers when long distance service provider changes are submitted. Customers have the option of calling a toll free number to speak with a service representative if they have been slammed or if they need help.
- Customer Choice Protection – Introduced by Southwestern Bell in four states and allows customers the option to protect their long distance and/or local service provider from unauthorized changes. There is no charge to the customer and the customer can remove protection at any time.
- Slammed charges recoured to offending carrier – Business office procedures have been changed to allow the SWBT service representative to remove disputed charges from the customer's bill and adjust the customer's account for the full amount of the disputed charges. The carrier is responsible for resolving the dispute with the customer.

Southwestern Bell proposes a three-part penalty system to crack down on the companies that are slamming customers

- "Three Strikes and You're Out" -- Stronger rules to thwart slamming in which enforcement would begin with probation, increase to fines and ultimately result in additional fines as well as suspending, restricting or revoking registration.

Southwestern Bell supports preventive measures that ensure consumer protection against slamming

- Account protection ("freeze") – Customers should have the option to protect their long distance, local and intraLATA toll service at no charge to the customer. Procedures should be implemented to make it easy to add or remove account protection.

The FCC should establish a mandatory registration process of all service providers to identify all providers and ensure consumer protection

- Required on all requests submitted to ILEC or CLEC for changing service providers and in the billing record submitted
- Eliminates anonymity of resellers using the Carrier Identification Code (CIC) of the facility-based carrier
- Tracking mechanism for complaints submitted to the FCC on a regular basis

Education, prevention and enforcement are
essential elements to protect customers and
deter against slamming